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Next Review Date: 13 JAN 1953
Auth: HR 70-3
Date: 13 DEC 1978 By: 11

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Executive Registry
3-6126

13 January 1953

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT:

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1. We have now made a complete investigation of the manner in which the above subject was handled. Statements of the EE Division and of the Procurement Division together with the copies of all pertinent memoranda and cables have been obtained and are filed in my office. My conclusions are:

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a. The cable from of 18 December stating that shipment was received without prior coordination or notification is not entirely frank. was advised of the proposed shipment on 24 April 1952 and replied on 7 May 1952 that storage space was available. The shipment was confirmed to on 23 May giving 20 July 1952 as the expected delivery date. However, no further advice was given until the material arrived in December.

b. The expected date of arrival given to in the 23 May letter was not realistic and it is not known at this time where the date of 20 July came from. The Division did not give a deadline to Procurement for the shipment.

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c. Procurement took one week to place the request for shipment after receiving this request from the Division.

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d. did not advise Procurement of the anticipated shipping date as Procurement had requested. However, when advised on 3 December that partial shipment had been made on 19 November the Division completely neglected to advise

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e. There is no evidence that the Division made any effort to ascertain the status of the shipment subsequent to its 5 June request that shipment be made.

f. Although Procurement did not move with extreme speed, it did move with normal dispatch to fulfill the requirements placed upon it. They did advise the Division when they received belated notice that shipment had been made.

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g. The Division clearly did not handle this matter in a business like way. Its own Logistics Staff was requested on 14 April to make this shipment. It did not get around to requesting shipment from Procurement until 17 May; it did not ascertain promptly whether that request had reached Procurement (it did not), and it did not repeat the request until 5 June. It then utterly neglected to advise [] on 3 December that the shipment was enroute.

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2. No specific recommendation is made with respect to reprimanding any specific individual as during this period changes in responsibility within the division arising out of the merger make it impractical to go below the Division Chief for direct responsibility. This experience should serve as a warning to the Division, however, of the unnecessary expense which is occasioned by the kind of laxness displayed in this record. In the last analysis, what is reflected is a failure of the command authority within the Division to establish procedures which would have avoided this problem. Copies of these findings should be sent to the Division and to []

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[]
Inspector General

IG/SH:jck (9 January 1953)

Distribution:

Orig. & 2 - DCI ✓

2 - IG

1 - Mr. Wisner

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JAN 10 1953

MEMORANDUM FOR: Inspector General

SUBJECT : Interim Report on Recommendations Made During Field Trip

REFERENCE : Memorandum to Deputy Director (Administration) from Inspector General, dated 9 December 1952

1. Thank you for the recommendations regarding administrative problems which were pointed out during your recent trip. I have looked into each of the items and, wherever corrective action by this Office has been possible, I have taken it.

2. The majority of the recommendations made in your memorandum require approval by the Deputy Director (Plans) and the Deputy Director (Intelligence). In order to accomplish this, the Chief of Administration, Deputy Director (Plans), and the Special Assistant, Deputy Director (Intelligence), Administration, have been asked for comments or action, as appropriate, on items specifically their concern. A final report to you awaits their replies.

3. This report is an interim report, dealing with those recommendations which this Office has been able to take up directly. Each is commented upon separately, as follows:

a. Eliminate shipment of household goods - On 5 December 1952 the Director issued Notice [] on the provision of Government quarters overseas. This announced the policy to provide quarters in kind, with utilities, at Agency expense for Agency personnel and their dependents stationed in foreign countries. Quarters provided by the Agency under this policy may be furnished with Agency-procured furniture in areas in which emergency conditions exist, but household goods, up to 3,000 pounds gross weight, may also be shipped at Government expense. Further action in this matter will await comment by the Deputy Director (Plans).

b. Abandoning shipment of automobiles - Action and/or comment by the Deputy Director (Plans) and by the Deputy Director (Intelligence).

c. That we not pay for drivers - Action and/or comment by the Deputy Director (Plans).

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d. Criterias of all special equipment - Action and/or comment by the Deputy Director (Plans),

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[Redacted]

f. Blanket bonds - The question of secure blanket bonds for CIA employees was taken up with a security-cleared contact in the [Redacted] in 1951. We were advised that:

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(1) The provisions of Public Law 110 would not permit bonding companies to execute such a bond with the Agency.

(2) It was very doubtful that any bonding company would undertake to write such a bond.

(3) It would be difficult to handle such a bond without revealing considerable information which the Agency would be unwilling to divulge.

At the present time we do execute individual bonds on all finance personnel at Headquarters and all Finance Officers at overseas installations who have custody of Agency funds. In addition, principal officers in CIA who [Redacted] are covered by bonds provided [Redacted]. Employees of proprietary projects must execute bonds which run to the favor of the proprietary company.

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As approximately 4,000 people in the Agency handle money in one capacity or another, individual bonding is infeasible in all cases, both from the point of security and money savings. Rather, bonded Finance Officers are being sent overseas and made responsible where the amount of funds handled would demand it.

g. Acknowledgement of queries - Action and/or comment by the Deputy Director (Plans) and by the Deputy Director (Intelligence).

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u. Cost of living allowances - Military personnel receive all the monetary rights and benefits which would have accrued to them had they not been assigned to CIA and, in addition, may be paid for travel, for allowances, and for related expenses where the Agency regulations provide benefits substantially similar to or greater than those provided in military regulations. The detailed provisions of this rule are outlined in CFR 6.1.

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L. K. WHITE
Assistant Deputy Director
(Administration)

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